

Message Text

PAGE 01 NATO 06738 01 OF 05 041028Z

11

ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-03 INR-05 L-02 ACDA-05

NSAE-00 PA-01 RSC-01 PRS-01 SP-02 USIA-06 TRSE-00

SAJ-01 SS-15 NSC-05 SAM-01 EB-07 EA-06 AF-04 NEA-06

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TO SECSTATE WASHDC PRIORITY 9156

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INFO ALL NATO CAPITALS 4789

CINCLANT

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USNMR SHAPE

USDEL MBFR VIENNA

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S E C R E T SECTION 1 OF 5 USNATO 6738

E.O. 11652: GDS

TAGS: MPOL NATO UK

SUBJ: UK DEFENSE REVIEW: STATEMENTS TO DPC, DECEMBER 3, 1974

DURING DECEMBER 3 DPC MEETING (SEPTTEL), SIR EDWARD PECK (UK AMBASSADOR TO NATO) AND SIR MICHAEL CARVER (CHIEF, BRITISH DEFENSE STAFF) MADE STATEMENTS ON UK DEFENSE REVIEW. TEXT OF PECK'S INTRODUCTORY REMARKS FOLLOW: BEGIN TEXT

1. I AM GRATEFUL FOR THE ARRANGEMENTS THAT HAVE BEEN MADE FOR THIS AFTERNOON'S MEETING, AT WHICH I HAVE BEEN INSTRUCTED TO INITIATE THE PROCESS OF ALLIED CONSULTATION ON THE PROVISIONAL SECRET

PAGE 02 NATO 06738 01 OF 05 041028Z

OUTCOME OF THE DEFENCE REVIEW WHICH WAS ANNOUNCED IN LONDON IN MARCH. I I INTEND TO BEGIN BY DEALING BRIEFLY WITH SOME OF THE POLITICAL AND ECONOMIC ASPECTS OF THE REVIEW: I SHALL CIRCULATE A COPY OF MY REMARKS AFTER THE MEETING. WITH YOUR PER-

MISSION, SIR MICHAEL CARVER, THE CHIEF OF THE BRITISH DEFENCE STAFF, WILL THEN DEAL IN SOME DETAIL WITH THE MILITARY ASPECTS: A COPY OF THE TEXT OF HIS REMARKS WILL ALSO BE AVAILABLE. (I ALSO HAVE WITH MR HOCKADAY, THE DEPUTY UNDER SECRETARY FOR POLICY AND PROGRAMMES IN DUE COURSE A COPY OF A STATEMENT WHICH THE DEFENCE SECRETARY, MR MASON, WILL MAKE LATER THIS AFTERNOON IN THE HOUSE OF COMMONS.

2. MR MASON'S STATEMENT WILL STRESS THAT THE CONSULTATIONS ON WHICH WE ARE NOW EMBARKING WITH YOU WILL BE THOROUGH AND REAL. THERE IS NO QUESTION OF OUR PRESENTING THE ALLIANCE WITH A FAIT ACCOMPLI. THE PROPOSALS WHICH SIR MICHAEL CARVER AND I WILL OUTLINE TO YOU REPRESENT THE PROVISIONAL CONCLUSIONS WHICH THE GOVERNMENT HAVE REACHED. WE PLAN TO PUBLISH A DEFENCE WHITE PAPER WHEN THE OUTCOME OF OUR CONSULTATIONS IS CLEAR. BUT OUR PROPOSALS WILL NOT UNTIL THEN BE MADE PUBLIC IN THE DEGREE OF DETAIL WHICH WE SHALL BE REVEALING TO YOU, AND MUCH OF THIS DETAIL WILL IN ANY CASE BE CLASSIFIED SECRET. I MUST THEREFORE ASK THAT THE CONFIDENTIAL BASIS OF OUR CONSULTATIONS SHOULD BE FULLY RESPECTED, AND THAT PUBLIC REFERENCE TO OUR PROPOSALS SHOULD NOT GO BEYOND WHAT IS SAID IN MR. MARSON'S STATEMENT. IT WOULD BE MOST UNFORTUNATE IF DETAILS OF OUR PROPOSALS WERE TO LEAK.

3. OVER THE LAST EIGHT MONTHS MY AUTHORITIES HAVE BEEN ENGAGED ON A DETAILED CASE BY CASE EXAMINATION OF ALL OUR VARIOUS DEFENCE COMMITMENTS AND CAPABILITIES. OUR AIM HAS BEEN TO ENSURE THAT OUR DEFENCE PRIORITIES MAKE SENSE AND THAT OUR FORCES ARE TAILORED TO THE ESSENTIAL REQUIREMENTS. OUR REVIEW HAS NOT TAKEN PLACE ON THE BASIS OF ARBITRARY GUIDELINES. NOR HAVE WE OPERATED UNDER AN ARBITRARY FINANCIAL CEILING. ON THE CONTRARY, STRATEGIC, POLITICAL, ECONOMIC, AND MILITARY CONSIDERATIONS HAVE ALL BEEN GIVEN THEIR FULL WEIGHT, AND HAVE PROVIDED THE GUIDELINES FOR OUR REVIEW.

4. THE COMPELLING NEED FOR A FULL DEFENCE REVIEW IS OF COURSE OUR VERY SERIOUS ECONOMIC POSITION. WE HAVE SOUGHT TO MAINTAIN
SECRET

PAGE 03 NATO 06738 01 OF 05 041028Z

MAINTAIN OVER THE PAST 25 YEARS A MAJOR CONTRIBUTION TO ALL THE MAIN ELEMENTS OF NATO'S CAPABILITIES, DESPITE THE FACT THAT OUR ECONOMIC PERFORMANCE HAS LAGGED FAR BEHIND OUR MAJOR EUROPEAN NEIGHBOURS. OUR GROWTH RATE HAS AVERAGED ONLY 2.75 PERCENT P.A. OUR GROSS NATIONAL PRODUCT IS NOW ONLY TWO-THIRDS THAT OF FRANCE AND ONLY HALF THAT OF GERMANY. OUR GROWTH RATE IS EXPECTED TO REMAIN WELL BELOW THEIRS. EVEN TAKING ACCOUNT OF THE OIL PRICE RISE, AND OF THE NORTH SEA OIL RESOURCES LIKELY TO BE AVAILABLE TO US IN THE FUTURE, WE ESTIMATE THAT OUR ANNUAL AVERAGE GROWTH IN GNP WILL CONTINUE TO BE SIGNIFICANTLY LOWER THAN THAT OF OUR MAJOR EUROPEAN PARTNERS. DOMESTICALLY, WE FACE HIGH RATES OF INFLATION, A LEVEL OF INVESTMENT WHICH IS DANGEROUSLY LOW, AND A DEFICIT IN THE CURRENT ACCOUNT

OF THE BALANCE OF PAYMENTS WHICH IS NOW RUNNING AT AN ANNUAL RATE OF ABOUT 6 PERCENT OF GNP. BECAUSE OUR GROWTH RATE WILL REMAIN LOW, WE CANNOT LOOK TO IT TO SOLVE THESE PROBLEMS. THE GOVERNMENT'S ECONOMIC POLICIES MUST THEREFORE GIVE PRIORITY TO INVESTMENT, AND TO GETTING THE BALANCE OF PAYMENTS RIGHT. THIS MEANS THAT RESOURCES MUST BE SHIFTED FROM PRIVATE CONSUMPTION AND PUBLIC EXPENDITURE TO THESE PRIORITY SECTORS. THE GOVERNMENT HAVE THEREFORE DECIDED THAT THE FUTURE INCREASE IN PUBLIC EXPENDITURE AS A WHOLE SHOULD BE LIMITED TO 2.75 PERCENT P.A. IN DEMAND TERMS. THIS DECISION WILL NECESSITATE CUT-BACKS IN THE RATE OF GROWTH OF MANY CATEGORIES OF PUBLIC EXPENDITURE, AND MANY DESIRABLE PROJECTS WILL HAVE TO BE SHELVED. THE DEFENCE SECTOR HAS TO MAKE ITS CONTRIBUTION TOWARDS REACHING THE TARGET.

5. IT IS AGAINST THIS BACKGROUND THAT WE HAVE REVIEWED OUR DEFENCE PROGRAMME. PREVIOUS PLANS REPRESENTED A HIGHLY AMBITIOUS PROGRAMME. ON NATO DEFINITIONS, THE PROPORTION OF OUR GNP WHICH WE SPENT ON DEFENCE IN 1973 WAS 5.7 PERCENT, THE THIRD HIGHEST FIGURE IN THE ALLIANCE. THE NATO DEFINITION OF DEFENCE EXPENDITURE IS WIDER THAN OUR DEFINITION AS EMBODIED IN OUR DEFENCE BUDGET TOTALS, AND THUS PRODUCES FIGURES RATHER HIGHER THAN OURS. ON OUR DEFINITION WE THIS YEAR SPENT SOME 5 1/2 PERCENT OF GNP ON DEFENCE. AS A CONSEQUENCE OF ITS DEFENCE REVIEW STUDIES, THE GOVERNMENT HAS DECIDED THAT THIS PROPORTION SHOULD BE BROUGHT DOWN TO 4 1/2 PERCENT OVER THE NEXT TEN YEARS. (ON THE NATO DEFINITION, IT WOULD OF COURSE REMAIN RATHER HIGHER.) WE SHALL ACHIEVE SUBSTANTIAL ECONOMIES AGAINST PLANNED EXPENSES.

SECRET

PAGE 04 NATO 06738 01 OF 05 041028Z

EXPENDITURE IN THE FUTURE: BUT THROUGHOUT THE PERIOD UNDER REVIEW OUR REVISED PROGRAMME WOULD STILL ENTAIL A LEVEL OF EXPENDITURE SLIGHTLY HIGHER IN REAL TERMS THAN IT IS TODAY. WE EXPECT A SMALL RISE IN THE NEXT TWO TO THREE YEARS AND THEN A LEVELLING OFF. OUR PROGRAMME ENVISAGES THAT FOR SOME YEARS WE SHALL STILL BE SPENDING MORE THAN 5 PERCENT OF GNP (ON OUR OWN DEFINITION).

SECRET

PAGE 01 NATO 06738 02 OF 05 041041Z

11
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-03 INR-05 L-02 ACDA-05

NSAE-00 PA-01 RSC-01 PRS-01 SP-02 USIA-06 TRSE-00

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USNMR SHAPE
USDELMBFR VIENNA
USDOCOSOUTH

S E C R E T SECTION 2 OF 5 USNATO 6738

6. THIS REFLECTS A POSITIVE APPROACH, AND WILL ENTAIL A CONSIDERABLE EFFORT, GIVEN OUR LOW RATE OF ECONOMIC GROWTH AND THE SERIOUS BALANCE OF PAYMENTS PROBLEM TO WHICH I ALLUDED EARLIER. THE PERCENTAGE OF GNP WHICH WE SHALL BE SPENDING ON DEFENCE WILL REMAIN HIGHER THAN THAT PRESENTLY SPENT BY OUR LARGER EUROPEAN ALLIES.

7. I SAID THAT OUR PROPOSALS WERE BASED ON AN OBJECTIVE JUDGEMENT OF STRATEGIC, POLITICAL, ECONOMIC AND MILITARY CONSIDERATIONS. THIS, OF COURSE, INCLUDES OUR AGREED ALLIANCE ASSESSMENT OF THE THREAT. FUNDAMENTAL TO THE WHOLE REVIEW WAS A DECISION THAT ON POLITICAL AND MILITARY GROUNDS OUR COMMITMENT TO NATO SHOULD HAVE THE CLEAR PRIORITY OVER ALL OUR
SECRET

PAGE 02 NATO 06738 02 OF 05 041041Z

OTHER COMMITMENTS. WE THEREFORE INTEND TO CARRY OUT A SUBSTANTIAL CONTRACTION IN OUR COMMITMENTS OUTSIDE THE ALLIANCE. CERTAIN OF THEM - E.G. OUR RESPONSIBILITIES TO OUR REMAINING DEPENDENT TERRITORIES - ARE INESCAPABLE. EVEN THERE, WE SHALL MAKE WHAT ECONOMICS WE CAN - REDUCING, FOR EXAMPLE, THE SIZE OF OUR GARRISON IN HONG KONG. WE SHALL WITHDRAW OUR FORCES FROM GAN AND MAURITIUS - BUT WE ARE AGREEING TO PROPOSALS FROM THE UNITED STATES GOVERNMENT FOR A MODEST EXPANSION OF THE FACILITIES ON THE ISLAND OF DIEGO GARCIA WHICH THEY ENJOY JOINTLY WITH US. IN SOUTH EAST ASIA, WE PROPOSE TO WITHDRAW ALMOST ALL OUR FORCES STATIONED IN SINGAPORE AND MALAYSIA UNDER THE FIVE-POWER ARRANGEMENTS. WE SHALL WITHDRAW FROM BRUNEI THE GURKHA BATTALION STATIONED THERE. WE ALSO INTEND TO ENTER INTO NEGOTIATIONS WITH THE SOUTH AFRICAN GOVERNMENT WITH A VIEW TO TERMINATING THE SIMONSTOWN AGREEMENT. WE SHALL WITHDRAW OUR FORCES FROM MALTA BETWEEN 1977 AND 1979 WHEN THE MILITARY FACILITIES AGREEMENT EXPIRES. WE SHALL WITHDRAW OUR AIR FORCES BASED PERMANENTLY IN CYPRUS AND ACCORDINGLY SHALL NO LONGER DECLARE FORCES TO CENTO. MANY OF

THESE CHANGES WILL BE PAINFUL AND UNWELCOME TO OUR FRIENDS ACROSS THE WORLD. BUT THEIR SCALE ILLUSTRATES HOW HARD WE HAVE TRIED TO KEEP TO A MINIMUM CHANGES DIRECTLY AFFECTING THIS ALLIANCE.

8. THE SECOND FUNDAMENTAL CONSIDERATION THROUGHOUT THE REVIEW WAS THAT WE SHOULD NOT MAKE CHANGES IN OUR FORCE CONTRIBUTIONS TO NATO WHICH COULD HAVE THE EFFECT OF INVALIDATING NATO'S STRATEGY. OUR AIM HAS BEEN TO ENSURE THAT THE PROPOSALS WE PUT TO THE ALLIANCE SHOULD HAVE THE MINIMUM EFFECT ON NATO'S COMBAT CAPABILITY. ACCORDINGLY, WE HAVE CONCENTRATED ON MAINTAINING OUR CONTRIBUTION IN THOSE AREAS IN WHICH WE BELIEVE BRITISH FORCES CONTRIBUTE MOST EFFECTIVELY TO THE SECURITY OF THE ALLIANCE AS A WHOLE. IN OUR JUDGEMENT, THESE CONSIST OF OUR CONTRIBUTIONS OF LAND AND AIR FORCES IN THE CENTRAL REGION OF EUROPE, OF SEA AND AIR FORCES IN THE EASTERN ATLANTIC AND CHANNEL AREAS, AND IN THE DEFENCE OF THE UNITED KINGDOM AND ITS IMMEDIATE APPROACHES.

9. IN ACCORDANCE WITH THESE PRIORITIES, AND WITH DUE REGARD TO THE IMPORTANCE OF MAINTAINING THE ALLIED NEGOTIATING POSITION, WE DO NOT PROPOSE, IN ADVANCE OF AN MBFR AGREEMENT, TO REDUCE
SECRET

PAGE 03 NATO 06738 02 OF 05 041041Z

THE FORCES WHICH WE MAINTAIN IN GERMANY IN ACCORDANCE WITH OUR BRUSSELS TREATY OBLIGATIONS. THE NUMBER OF AIRCRAFT WHICH WE CONTRIBUTE TO THE SECOND TACTICAL AIR FORCE IN GERMANY WILL IN FACT INCREASE. WE SHALL CONTINUE TO MAKE QUALITATIVE IMPROVEMENTS IN OUR MARITIME FORCES FOR NATO ALTHOUGH WE DO ENVISAGE SOME REDUCTIONS IN SHIP NUMBERS. WE SHALL ALSO MAINTAIN OUR STRATEGIC AND TACTICAL NUCLEAR CONTRIBUTION TO THE ALLIANCE. WE DO HOWEVER PROPOSE TO RUN DOWN OUR SPECIALISED REINFORCEMENT AND ASSULT FORCES. THEY WERE ORIGINALLY DEVELOPED TO MEET WORLD-WIDE COMMITMENTS, AND HAVE NEVER BEEN FULLY EQUIPPED FOR EUROPEAN WARFARE. WE SHALL MAINTAIN OUR CONTRIBUTION TO THE ACE MOBILE FORCE, BUT APART FROM THIS WE WOULD NOT IN FUTURE BE ABLE TO PROVIDE AIR-PORTABLE LAND FORCES SUITABLE FOR DEPLOYMENT IN THE SOUTHERN REGION. MOREOVER, WE PROPOSE TO WITHDRAW THE STATIONED FORCES IN THE MEDITERRANEAN AREA WHICH WE NOW DECLARE TO NATO. SIR MICHAEL CARVER WILL DESCRIBE FOR YOU HOW THESE PROPOSED CHANGES WOULD WORK OUT: I SHOULD LIKE TO ADD ONLY THAT THEY HAVE BEEN DRAWN UP IN RESPONSE TO A STRATEGIC AND POLITICAL JUDGEMENT THAT WE SHALL BEST SERVE ALLIED, AND OUR OWN, SECURITY INTERESTS BY CONCENTRATING ON DOING EFFECTIVELY THE TASKS WHICH WE BELIEVE THAT IT IS MOST IMPORTANT FOR NATO FOR US TO DO, AND TO DO WELL.

10. I SHALL MAKE ONLY TWO MORE GENERAL POINTS. FIRST, THE DEFENCE REVIEW OBVIOUSLY MEANS CHANGES IN OUR FUTURE DEFENCE EQUIPMENT PROGRAMME. IT HAS, HOWEVER, BEEN A COMPREHENSIVE AND DETAILED REVIEW DESIGNED TO PRODUCE A CLEAR AND COHERENT BASIS FOR DEFENCE PLANNING IN LONDON OVER THE NEXT TEN YEARS.

WE HAVE NOT CHOSEN TO GO FOR THE RAIDS ON EQUIPMENT VOTES WHICH CAN GENERATE QUICK FINANCIAL SAVINGS BUT MAKE LITTLE MILITARY SENSE. WE SHALL PLAY OUR FULL PART IN WORK IN THE ALLIANCE ON RATIONALISATION AND STANDARDISATION, AND OUR PROPOSALS HAVE BEEN DRAWN UP IN SUCH A WAY THAT THEY DO NOT TIE OUR HANDS IN ADVANCE.

11. FINALLY, WHILE, AS I HAVE EXPLAINED, OUR JUDGEMENT OF THE IMPACT THAT PARTICULAR MEASURES MIGHT HAVE ON ALLIANCE DEFENCE HAS BEEN A DRIVING FACTOR THROUGH OUT THE REVIEW, WE WANT TO LEARN THE COLLECTIVE JUDGEMENT OF THE ALLIANCE EXPRESSED THROUGH THE ESTABLISHED NATO PROCEDURES. MINISTERS HAVE CONSIDERED THE PLANS WHICH WE ARE NOW OUTLINING TO YOU, AND HAVE
SECRET

PAGE 04 NATO 06738 02 OF 05 041041Z

AGREED ON THE OVERALL LEVEL OF RESOURCES TO BE DEVOTED TO DEFENCE. BUT WITHIN THIS FINANCIAL DECISION, THEY WILL WISH TO TAKE CAREFUL ACCOUNT OF WHATEVER COMMENTS THE ALLIANCE MAY WISH TO MAKE ON PARTICULAR ASPECTS OF THE PROPOSED CHANGES IN OUR FORCE CONTRIBUTIONS TO NATO. IN VIEW OF THE PARLIAMENTARY PROGRAMME IN LONDON, WHICH AFFECTS THE TIMING OF THE DEFENCE WHITEPAPER, I MUST ASK FOR SUCH COMMENTS TO BE AVAILABLE BY 10 FEBRUARY. UNTIL THEY HAVE BEEN RECEIVED, OUR PROPOSALS WILL BE REGARDED IN LONDON - AND SHOULD BE REGARDED AT NATO - AS A PROVISIONAL PACKAGE.

12. WITH YOUR PERMISSION I SHALL NOW CALL ON SIR MICHAEL CARVER TO OUTLINE THE PROPOSALS IN GREATER DETAIL. END TEXT

SECRET

PAGE 01 NATO 06738 03 OF 05 041050Z

11
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-03 INR-05 L-02 ACDA-05

NSAE-00 PA-01 RSC-01 PRS-01 SP-02 USIA-06 TRSE-00

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S E C R E T SECTION 3 OF 5 USNATO 6738

TEXT OF CARVER'S PRESENTATION FOLLOWS: BEGIN TEXT

1. SIR EDWARD PECK HAS DISCUSSED THE POLITICAL AND ECONOMIC BACKGROUND TO OUR DEFENCE REVIEW. I SHALL THEREFORE CONFINE MY PRESENTATION TO THE MILITARY ASPECTS. AS HE HAS SAID, THE SECURITY OF THE UK IS INDISSOLUBLY LINKED WITH OUR MEMBERSHIP OF THE ATLANTIC ALLIANCE; NATO REMAINS THE FIRST PRIORITY OF OUR DEFENCE POLICY BUT WE HAVE HAD TO MAKE JUDGEMENTS OF PRIORITIES WITHIN OUR NATO COMMITMENTS IN FORMULATING THE PROPOSALS, WHICH I SHALL NOW DESCRIBE. TO HELP YOU IN YOUR SUBSEQUENT STUDY OF THESE PROPOSALS, I WILL LEAVE WITH YOU A DATA BOOKLET WHICH, AMONG OTHER ITEMS, COMPARES OUR PROPOSED FORCE LEVELS WITH THE NATO FORCE GOALS, AND I WILL ALSO LEAVE THE
SECRET

PAGE 02 NATO 06738 03 OF 05 041050Z

SCRIPT OF THIS PRESENTATION.

2. TAKING OUR DEFENCE PRIORITIES AS A WHOLE, WE CONCLUDED THAT THEY SHOULD BE PLACED IN THE FOLLOWING ASCENDING ORDER OF IMPORTANCE:

- A. NON-NATO OVERSEAS COMMITMENTS.
WITHIN NATO.
- B. NATIONAL AND NATO COMMITMENTS IN THE MEDITERRANEAN.
- C. OUR SPECIAL REINFORCEMENT AND ASSAULT CAPABILITY.
- D. OUR MAIN CONTRIBUTION TO THE READY FORCES AVAILABLE TO NATO'S CENTRAL AND NORTHERN REGIONS, TO THE EASTERN ATLANTIC AND TO THE CHANNEL COMMAND AND THE SECURITY OF THE UK BASE ITSELF.

WITHIN OUR MAIN CONTRIBUTION TO THESE READY FORCES, WE SHALL CONCENTRATE ON THE CONVENTIONAL LEG OF THE TRAIID, ALTHOUGH YOU WILL WISH TO KNOW THAT WE PROPOSE TO MAINTAIN OUR STRATEGIC NUCLEAR CONTRIBUTION TO SACEUR AND TO CONTINUE TO EQUIP OUR FORCES WITH TACTICAL NUCLEAR WEAPONS AS AT PRESENT.

3. I WILL NOW DEAL WITH THE EFFECT OF THE REVIEW ON FORCE LEVELS AND EQUIPMENT PROGRAMMES IN THE SAME ORDER OF PRIORITY TO THAT WHICH I STATED A MOMENT AGO, WITH THE AIM OF DEMONSTRATING THE LOGICAL WAY IN WHICH WE APPROACHED OUR TASK OF MAINTAINING THE MAXIMUM EFFECTIVENESS OF THE UNITED KINGDOM CONTRIBUTION TO NATO.

4. SIR EDWARD PECK HAS ALREADY COVERED OUR PROPOSALS FOR THE INDIAN OCEAN AND THE FAR EAST. BEFORE I COME ON TO THE MEDI-

TERRANEAN, I WILL SAY SOMETHING ABOUT OUR COMMITMENTS IN THE WESTERN ATLANTIC AN AREA WHICH IS, OF COURSE, OF GREAT INTEREST TO NATO.

THE WESTERN ATLANTIC

5. IN THE WESTERN ATLANTIC, WE HAVE 2 FRIGATES ON STATION AT PRESENT IN THE CARIBBEAN. WE SHALL REMOVE THESE AND PROVIDE A NAVAL PRESENCE AS REQUIRED FROM OUR FORCES IN THE EASTERN ATLANTIC. WE SHALL KEEP A SMALL HEADQUARTERS FOR THE ISLAND COMMANDER IN BERMUDA AND HOPE TO CONTINUE TO MAKE JOINT USE WITH THE UNITED STATES OF THEIR NAVAL AND AIR TEST FACILITIES IN THE CARIBBEAN. AS LONG AS THERE IS A POTENTIAL THREAT TO BELIZE FROM GUATEMALA, WE ARE OBLIGED TO MAINTAIN OUR 600
SECRET

PAGE 03 NATO 06738 03 OF 05 041050Z

SOLDIERS THERE. FOR MUCH THE SAME REASON WE SHALL KEEP OUR ROYAL MARINES DETACHMENT IN THE FALKLAND ISLANDS BUT WILL NOT BE ABLE TO MAINTAIN AN ICE PATROL SHIP IN ANTARCTIC WATERS AND THAT GENERAL AREA.

THE MEDITERRANEAN

6. TURNIG NOW TO THE MEDITERRANEAN, WE SHALL NOT CHANGE FORCE LEVELS IN GIBRALTAR AND WILL KEEP THE DOCKYARD GOING THERE. IN CYPRUS AT PRESENT WE HAVE 2 VULCAN SQUADRONS, DECLARED TO THE CENTRAL TREATY ORGANISATION, A LIGHTNING AIR DEFENCE SQUADRON, A SURFACE-TO-AIR MISSILE SQUADRON AND A NUMBER OF TRANSPORT AIRCRAFT BASED THERE. WE PROPOSE TO WITHDRAW ALL BUT THE SURFACE-TO-AIR MISSILE SQUADRON TO THE UNITED KINGDOM, ROTATING DETACHMENTS OF AIRCRAFT TO CYPRUS ON A TEMPORARY BASIS INSTEAD. THE VULCAN SQUADRONS WILL BE PERMANENTLY BASED IN THE UNITED KINGDOM AND WILL BE ALLOCATED TO SACEUR. WE SHALL BE ABLE TO CONTINUE TO MAN THE AIR DEFENCE RADARS AND COMMUNICATION FACILITIES IN CYPRUS. IN MALTA WE HAVE MARITIME PATROL AND RECONNAISSANCE AIRCRAFT WHICH WE DECLARE PARTLY TO SACEUR AND PARTLY TO THE CENTRAL TREATY ORGANISATION. REDUCTION OF THESE AND THE ROYAL MARINES COMMANDO GROUP BASED THERE WILL START IN 1977 AND BE COMPLETE BY 1979, WHEN THE CURRENT AGREEMENT WITH MALTA EXPIRES. AT THIS STAGE I WOULD LIKE TO POINT OUT WE INTEND TO MAINTAIN OUR MEMBERSHIP OF THE CENTRAL TREATY ORGANISATION, ALTHOUGH WE WILL NO LONGER DECLARE SPECIFIC FORCES TO IT. FINALLY, WE PROPOSE TO WITHDRAW OUR COMMITMENT TO PROVIDE FORCES IN THE SOUTHERN REGION OF ALLIED COMMAND EUROPE. IN THE MEDITERRANEAN AREA THE UNITED KINGDOM'S RELATIVELY SMALL NAVAL AND AIR FORCES ARE CLEARLY OF SECONDARY IMPORTANCE COMPARED TO THOSE OF THE UNITED STATES AND TO THE MILITARY RESOURCES OF THE LITTORAL NATIONS.

7. ABANDONMENT OF ALL OUR OVERSEAS GARRISONS AND NON-NATO FORCES STATIONED OVERSEAS WOULD NOT HAVE PRODUCED IN THEMSELVES ANYTHING LIKE SUFFICIENT SAVINGS. IN ANY CASE AS YOU WILL HAVE SEEN, NOT ALL OF THEM CAN BE GIVEN UP. BUT COMMITMENTS OF THIS TYPE AND THE RESPONSIBILITIES WHICH THEY ENTAIL INVOLVE

A MUCH LARGER POTENTIAL COMMITMENT IN THE NEED TO MAINTAIN
A REINFORCEMENT AND INTERVENTION CAPABILITY BY AIR OR SEA. IT
IS THEREFORE IN THE AREA OF REINFORCEMENT AND OVERSEAS INTER-
VENTION POTENTIAL THAT WE PROPOSE TO MAKE MAJOR SAVINGS.

SECRET

PAGE 04 NATO 06738 03 OF 05 041050Z

SECRET

PAGE 01 NATO 06738 04 OF 05 041123Z

16

ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-03 INR-05 L-02 ACDA-05

NSAE-00 PA-01 RSC-01 PRS-01 SP-02 USIA-06 TRSE-00

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S E C R E T SECTION 4 OF 5 USNATO 6738

REINFORCEMENT AND ASSAULTCAPABILITY

8. OUR PRESENT REINFORCEMENT AND SPECIALISED ASSAULT FORCES
WERE ORIGINALLY DEVELOPED TO MEET OUR WORLDWIDE COMMITMENTS AS
AN ALTERNATIVE TO MAINTAINING LARGE GARRISONS OVERSEAS. THEY
CONSIST OF A FAIRLY LARGE AIR TRANSPORT FORCE, A SIZEABLE, BY
OUR STANDARDS, HELICOPTER FORCE, AN AIRPORTABLE DIVISION, A
PARACHUTE FORCE OF BRIGADE GROUP SIZE, SUPPORTING COMBAT AIR
ELEMENTS AND AN AMPHIBIOUS ASSAULT CAPABILITY. WHEN WE CARRIED
OUT A MAJOR REDUCTION OF OUR FORCES EAST OF SUEZ FOLLOWING
ON DECISIONS TAKEN IN 1968, WE MADE THESE FORCES AVAILABLE TO
NATO AS PART OF NATO'S REACTION TO THE RUSSIAN INVASION OF
CZECHOSLOVAKIA. THE AMPHIBIOUS FORCE WAS EARMARKED FOR ASSIGN-
SECRET

PAGE 02 NATO 06738 04 OF 05 041123Z

MENT TO SACLANT FOR SUPPORT OF THE ISLAND COMMANDERS (BERMUDA, AZORES, MADEIRA, FAEROES, GREENLAND AND ICELAND) AND OF SACEUR ON THE FLANKS OF NATO, FORWHICH IT HAS A PARTICULAR VALUE. WE HAVE NEVER BEEN ABLE TO CONVERT THE LAND ELEMENT OF THE REMAINING REINFORCEMENT FORCES TO THE HEAVY EQUIPMENT NEEDED FOR EUROPEAN WARFARE, AND THEIR REAL MILITARY VALUE TO NATO HAS NOT BEEN COMMENSURATE WITH THE MANPOWER AND MONEY INVOLVED IN MAINTAINING THEIR SPECIAL CAPABILITY FOR RAPID REINFORCEMENT THROUGHOUT ACE. WITH THE CONTINUED DECLINE AND CONSEQUENT PLANNED RUNDOWN IN OUR WORLDWIDE COMMITMENTS AND IN THE LIGHT OF OUR PRIORITIES, WE NOW FEEL THAT, IF WE HAVE TO MAKE REDUCTIONS, IT IS IN THIS FIELD THAT THEY WILL DO LEAST DAMAGE TO NATO'S STRATEGY AND OVERALL CAPABILITY. THE PRINCIPAL FORCES AFFECTED ARE:

A. AMPHIBIOUS FORCE - REDUCED BY ONE AMPHIBIOUS SHIP (LPH) TO ONE ASSAULT SHIP (LPD) IN COMMISSION AND A SECOND AT EXTENDED NOTICE. ROYAL MARINES COMMANDOS REDUCED BUT ONE COMMANDO GROUP, TRAINED AND EQUIPPED FOR ARCTIC WARFARE, WILL REMAIN COMMITTED TO ACLANT. HMS HERMES ALTHOUGH DECLARED PRIMARILY IN THE ANTI-SUBMARINE WARFARE ROLE COULD OPERATE IN AN AMPHIBIOUS SHIP (LPH) ROLE IF SACLANT SO DECIDED.

B. UNITED KINGDOM JOINT AIRBORNE TASK FORCE - WE PROPOSE TO ABANDON THIS CONCEPT. IN OTHER WORDS WE WILL NO LONGER HAVE THE ABILITY TO AIR DROP A BRIGADE ALTHOUGH WE PLAN TO RETAIN A LIMITED PARACHUTE CAPABILITY.

C. AIR VORTABLE LAND FORCES - CAPABILITY REDUCED TO ONE BRIGADE GROUP. WE CANNOT PROVIDE THE LOGISTIC AND OTHER BACKING WHICH WOULD MAKE IT POSSIBLE TO DEPLOY IT IN THE SOUTHERN REGION. WE THEREFORE PROPOSE THAT IT IS EARMARKED FOR EMPLOYMENT BY SACEUR IN EITHER THE NORTHERN OR THE CENTRAL REGION.

D. THE ASSOCIATED AIR TRANSPORT AND HELICOPTER FORCES - TAILORED TO THESE SMALLER FORCES.

E. ACE MOBILE FORCE CONTRIBUTION - RETAINED UNCHANGED, BOTH LAND AND AIR.

F. OFFENSIVE AIR SUPPORT AIRCRAFT - REMAIN AVAILABLE TO SUPPORT THE REMAINING FORCE AND TO REINFORCE 2ATAF IN GERMANY.

ALL THESE MEASURES, WHICH I HAVE DESCRIBED, WOULD MAKE IT POSSIBLE FOR US TO REDUCE OUR AIR TRANSPORT FLEET BY OVER 50 PERCENT AND OUR PLANNED AIR FORCE HELICOPTER FORCE BY ABOUT 25 PERCENT, OUR CURRENT FORCE BY 15 PERCENT.

SECRET

PAGE 03 NATO 06738 04 OF 05 041123Z

9. THE EFFECT OF THESE REDUCTIONS ON SACEUR'S PLANS WOULD BE THAT WE SHOULD NO LONGER BE ABLE TOPARTICIPATE IN ANY OF HIS JOINT AIRBORNE TASK FORCE PLANS, ALTHOUGH WE SHOULD CONTINUE TO PLAY OUR FULL PART IN THE ACE MOBILE FORCE. WE SHOULD NO LONGER BE ABLE TO DEPLOY AN AIRPORTABLE INFANTRY BRIGADE GROUP OF THE UNITED KINGDOM MOBILE FORCE TO THE THREE TASKS FOR WHICH

IT IS EARMARKED IN THE SOUTHERN REGION THAT IS TO TURKISH THRACE, GREEK MACEDONIA OR NORTH EASTERN ITALY. IN THE CENTRAL REGION THE DEPLOYMENT OF THE WHOLE OF THE 3RD DIVISION AS AN AIRPORTABLE FORCE AS A RESERVE FOR AFCENT WOULD BE REDUCED TO A BRIGADE, AND THEN ONLY IF IT WERE NOT DEPLOYED IN THE NORTHERN REGION. IN THAT REGION THE PLAN TO DEPLOY THE WHOLE OF THE DIVISION TO THE JUTLAND SCHLESWIG-HOLSTEIN AREA WOULD NO LONGER BE FEASIBLE, BUT THE PLANS TO DEPLOY ONE BRIGADE GROUP EITHER TO THAT AREA OR TO ZEALAND WOULD NOT BE AFFECTED. THE REDUCTION OF OUR AMPHIBIOUS CAPABILITY WILL MEAN THAT THE MARINE COMMANDO IN MALTA WILL DISAPPEAR AND OUR CAPABILITY IN THE SPECIALISED AMPHIBIOUS ROLE WILL BE RESTRICTED TO ONE ROYAL MARINES COMMANDO GROUP, EQUIPPED AND TRAINED FOR ARCTIC WARFARE.

HEADQUARTERS AND SUPPORT

10. ANOTHER AREA IN WHICH WE HAVE SOUGHT MAJOR ECONOMIES IS THAT OF OVERHEADS, HEADQUARTER STAFFS AND SUPPORT. WE HAVE ALREADY MADE CONSIDERABLE ECONOMIES IN THIS FIELD OVER THE LAST 6 YEARS SO THE SCOPE FOR FURTHER ECONOMIES IN THIS FIELD IS LIMITED. HOWEVER WE HAVE FOUND IT POSSIBLE TO MAKE EVEN FURTHER SAVINGS.

NATO READY FORCES

11. BY MEANS OF REDUCING OUR SPECIALIST REINFORCEMENT CAPABILITY AND OUR HEADQUARTERS AND SUPPORT, AND OUR PROPOSAL TO WITHDRAW OUR COMMITMENT TO PROVIDE FORCES IN THE SOUTHERN REGION OF ALLIED COMMAND EUROPE, WE SHALL BE ABLE TO MAINTAIN INTACT OUR FRONT LINE COMBAT CAPABILITY FOR THE CENTRAL REGION BOTH IN ARMY AND AIR FORCES AND TO MAKE ONLY THE MINIMAL REDUCTION IN THE FORCES THAT WE CONTRIBUTE TO SACLANT AND TO CINCHAN. MOREOVER, THERE WILL BE NO CHANGE IN OUR PLANS TO PROVIDE THE ADDITIONAL COMBAT AIRCRAFT HITHERTO UNDER NATIONAL COMMAND, WHICH WE RECENTLY PROPOSED TO ALLOCATE TO SACEUR AND SACLANT UNDER THE NEW COMMAND ARRANGEMENTS BY WHICH CINC STRIKE
SECRET

PAGE 04 NATO 06738 04 OF 05 041123Z

COMMAND IS BEING GIVEN A MAJOR SUBORDINATE COMMANDER ROLE UNDER SACEUR, ALTHOUGH THE TRANSPORT ELEMENT WILL BE AFFECTED AS I HAVE INDICATED EARLIER.

12. AS FAR AS THE ARMY IN GERMANY IS CONCERNED WE SHALL MAKE NO CHANGES IN OUR FORCES IN BERLIN. WE ARE CONSIDERING A SUBSTANTIAL RE-ORGANISATION OF OUR UNIT, COMMAND AND SUPPORT STRUCTURES THROUGHOUT THE ARMY, IN ORDER TO MAINTAIN MAXIMUM COMBAT CAPABILITY WHILE MAKING AS MUCH SAVING AS POSSIBLE IN OVERHEADS, AND THIS PROCESS WOULD INCLUDE THE BRITISH ARMY OF THE RHINE, WHERE WE INTEND TO RETAIN OUR PRESENT LEVEL OF COMBAT CAPABILITY. WE DO NOT PROPOSE, HOWEVER, IN ADVANCE OF MUTUAL AND BALANCED FORCE REDUCTIONS TO REDUCE THE FORCES WHICH WE MAINTAIN IN GERMANY IN ACCORDANCE WITH OUR BRUSSELS TREATY OBLIGATIONS. WE SHALL MAINTAIN THE STRENGTH OF MAJOR WEAPONS THAT ARE THE BASIS OF OUR COMBAT CAPABILITY AND IN THE ANTI-

ARMOUR FIELD THERE WILL BE A SLIGHT INCREASE. THE GENERAL RESULT OF THESE MEASURES AND THE REDUCTION IN OUR OVERALL TOTAL MANPOWER, WILL BE THAT THE ARMY IN GERMANY WILL REPRESENT AN EVEN LARGER PROPORTION OF OUR TOTAL ARMY STRENGTH THAN IT DOES TODAY. ALTHOUGH WE ARE REDUCING OUR CAPABILITY FOR RAPID AIR REINFORCEMENT OF OUR ARMY IN GEMANY BY REGULAR AIR MOBILE FORCES, WE SHALL BE REORGANISING THE ARMY BASED IN THE UK SO THAT WE CAN PROVIDE MORE EFFECTIVE POST M-DAY REINFORCEMENT WITH BOTH REGULAR AND RESERVE MANPOWER THAN WE CAN TODAY, WHEN THESE REINFORCEMENTS CONSIST OF 10,000 REGULARS AND 57,000 RESERVISTS.

13. AS FAR AS AIR FORCES ARE CONCERNED, WE WILL NOT REDUCE THE CONTRIBUTION WHICH WE MAKE AT PRESENT TO 2ATAF IN GEMANY. IN FACT, IT WILL HAVE INCREASED BY 1978, DUE TO THE EFFECTS OF OUR RE-EQUIPMENT PROGRAMME, FROM 106 TO 132 AIRCRAFT IN THE STRIKE, ATTACK AND RECONNAISSANCE ROLES. MOREOVER, THE NUMBER OF AIRCRAFT BASED IN THE UK AND ASSIGNED TO SACEUR IN THE SAME ROLE, WHICH INCLUDE THE VULCAN FORCE, WILL ALSO INCREASE FROM 84 TO 108 BY 1978. APART FROM THE ECONOMIES WE PROPOSE TO MAKE IN THE AIR TRANSPORT AND HELICOPTER FIELD, WE SHALL HAVE TO MAKE SOME REDUCTION IN THE TANKER FORCE; THERE MAY BE SOME SLOWING DOWN OF THE PLANNED RATE OF DELIVERY OF THE MULTI-ROLE COMBAT AIRCRAFT TO REPLACE A NUMBER OF DIFFERENT TYPES - THE CANBERRA, THE VULCAN, THE BUCCANEER AND THE
SECRET

PAGE 05 NATO 06738 04 OF 05 041123Z

PHANTOM; AND WE ARE PROPOSING A DRASTIC PRUNING OF COMMUNICATION AND LIAISON AIRCRAFT; STREAMLINING OF TRAINING, AND THE CLOSURE OF SOME 12 AIR FORCE BASES IN THE UK. WE SHALL CONTINUE TO ASSIGN A HIGH PRIORITY TO THE AIR DEFENCE OF THE UK AND SURROUNDING WATERS WHICH IS OF CONSIDERABLE IMPORTANCE TO NATO. OUR CURRENT LEVELS OF PHOTOGRAPHIC, RADAR AND ELECTRONIC RECONNAISSANCE AIRCRAFT WILL ALSO BE MAINTAINED.

SECRET

PAGE 01 NATO 06738 05 OF 05 041133Z

11
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-03 INR-05 L-02 ACDA-05

NSAE-00 PA-01 RSC-01 PRS-01 SP-02 USIA-06 TRSE-00

SAJ-01 SS-15 NSC-05 SAM-01 EB-07 EA-06 AF-04 NEA-06

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FM USMISSION NATO

TO SECSTATE WASHDC PRIORITY 9160
SECDEF WASHDC PRIORITY
INFO ALL NATO CAPITALS 4793
CINCLANT
CINCUSAFE
CINCUSAREUR
CINCUSNAVEUR
USCINCEUR
SULOSACLANT
USNRM SHAPE
USDEL MBFR VIENNA
USDOCOSOUTH

S E C R E T SECTION 5 OF 5 USNATO 6738

14. I WILL NOW TURN TO THE MARITIME FIELD. HERE OUR ECONOMIES WILL DERIVE PARTLY FROM THE AMPHIBIOUS CAPABILITY WHICH I HAVE ALREADY MENTIONED, PARTLY FROM WITHDRAWAL OF OUR MARITIME, INCLUDING MARITIME AIR, PRESENCE IN THE MEDITERRANEAN AND ELSEWHERE OUTSIDE NATO; FROM REDUCTIONS IN OUR PLANNED DESTROYER/FRIGATE AND CONVENTIONAL SUBMARINE FLEET, SOME REDUCTION IN MINE COUNTERMEASURES VESSELS; BY FOREGOING SOME IMPROVEMENTS, BOTH IN QUANTITY AND IN QUALITY, THAT WE HAD PLANNED TO MAKE; BY A SIZEABLE REDUCTION IN AFLOAT SUPPORT AND SIMILAR VESSELS AND BY RUNNING ON CERTAIN SHIPS FOR LONGER THAN HAD BEEN PLANNED. WE HAD OF COURSE IN ANY CASE PLANNED TO PHASE OUT OUR ONE AND ONLY STRIKE CARRIER IN 1978, ALTHOUGH ITS AIRCRAFT WILL REMAIN IN OUR FORCE LEVELS BUT BE SHORE-BASED AND RAF
SECRET

PAGE 02 NATO 06738 05 OF 05 041133Z

MANNED. OUR NEW ANTI-SUBMARINE WARFARE CRUISER PROGRAMME WILL CONTINUE AND ONE AMPHIBIOUS SHIP (LPH) FROM THE AMPHIBIOUS FORCE WILL BE EMPLOYED PRIMARILY IN THE ANTI-SUBMARINE WARFARE ROLE FOR THE REMAINDER OF ITS LIFE UNTIL IT IS REPLACED IN THIS ROLE BY ONE OF THESE NEW SHIPS. REDUCTIONS IN OUR PLANNED DESTROYER/FRIGATE PROGRAMME WILL MEAN THAT IN ACLANT WE SHALL MOVE FROM THE POSITION OF HAVING 4 BELOW THE 55 THAT NATO FORCE GOALS FOR 1975 SET FOR US TO 10 BELOW THE 62 THAT IS SET FOR US FOR 1980. IN OTHER WORDS WE SHALL ONLY INCREASE BY ONE IN THE PERIOD. THERE WILL BE A QUALITATIVE IMPROVEMENT HOWEVER, FOR EXAMPLE, SOME 40 PERCENT OF OUR DESTROYER AND FRIGATE FORCE WILL BE MISSILE ARMED BY THIS TIME. IN THIS TYPE WE SHALL ALSO REDUCE OUR 14 FOR ACCHAN BY ONE TO 13 FROM 1977 ONARDS AND SACEUR WILL LOSE HIS 9 (DUE TO INCREASE TO 10 IN THE FORCE GOALS) AS A RESULT OF OUR PROPOSALS FOR THE MEDITERRANEAN. IN SPITE OF THESE REDUCTIONS IN OUR PLANS TO MEET OUR FORCE GOALS FOR ACLANT AND ACCHAN, OUR OVERALL CAPABILITY IN THE ANTI-SUBMARINE ROLE WILL BE MAINTAINED BY RETAINING INTENDED FORCE IMPROVEMENTS IN THE FIELD OF ANTI-SUBMARINE WARFARE HELICOPTERS AND THE NEW CRUISERS TO CARRY THEM. WE SHALL MAINTAIN OUR NUCLEAR SUBMARINE PROGRAMME UNCHANGED, BOTH BALLISTIC MISSILE AND ATTACK, THE LATTER IN-

CREASING FROM 8 TO 12 OVER THE PERIOD TO 1980, BUT OUR CONVENTIONAL SUBMARINE STRENGTH WILL GRADUALLY REDUCE FROM 21 TO 13 OVER THE PERIOD. WE SHALL CONCENTRATE OUR MINE COUNTERMEASURES VESSELS EFFORT IN SUPPORT OF NATO INENSURING SAFE PASSAGE TO AND FROM THE CLYDE SUBMARINE BASES AND ON THE REINFORCEMENT ROUTES TO THE CONTINENTAL PORTS. INCLUDING THE REDUCTION OF 5 IN THE MEDITERRANEAN, THE REDUCTIONS IN MINE COUNTERMEASURES VESSELS WILL BRING US 9 BELOW OUR 1980 NATO FORCES GOALS OF 30.

15. IN THE FIELD OF MARITIME AIR SUPPORT, WE SHALL MAINTAIN THE BUCCANEER STRIKE AND PHANTOM AIR DEFENCE SHORE-BASED SUPPORT WE PROVIDE TO SACLANT, BOTH OF WHICH, AS I HAVE ALREADY MENTIONED, WILL BE AUGMENTED BY ARK ROYAL'S SQUADRONS WHEN SHE GOES OUT OF COMMISSION IN 1978. THE ROLE OF HER GANNET AIRCRAFT WILLBE TAKEN OVER BY SHOREBASED AIRBORNE EARLY WARNING AIRCRAFT. WE SHALL MAINTAIN OUR MARITIME PATROL AIRCRAFT STRENGTH OVER THE ATLANTIC AND THE NORTH SEA: WE SHALL REFIT THEM TO A HIGHER STANDARD OF CAPABILITY MAINTAINING, SO FAR AS SECRET

PAGE 03 NATO 06738 05 OF 05 041133Z

POSSIBLE,FRONT LINE STRENGTH WHILE WE ARE DOING SO.

16. WE PROPOSE TO RETAIN THE CAPABILITY TO DEPLOY SHIPS AND AIRCRAFT WORLDWIDE IN PEACETIME, ALTHOUGH LESS FREQUENTLY THAN HITHERTO. WE SHALL, OF COURSE, CONTINUE TO NOTIFY SUCH DEPLOYMENT TO NATO.

CONCULSTION

17. THOSE ARE OUR PROPOSALS AS FAR AS FORCES ARE CONCERNED. MUCH OF OUR SAVINGS HAS HAD TO BE FOUND FROM THE EQUIPMENT FIELD. WHILE DOING THIS, WE HAVE NEVERTHELESS INALL THAT REAMINS GIVEN PRIORITY TO ENSURING THAT OUR EQUIPMENT REMAINS UP TO DATE AND CAPABLE OF CREDIBLY STANDING UP TO THE POTENTIAL THREAT. WE HAVE HAD TO ACCEPT SOME DELAYS IN DATES OF BRINGING NEW EQUIPMENT INTO SERVICE AND REGRETFULLY TO ABANDON SOME PROPOSED IMPROVEMENTS IN CAPABILITY. VERY FEW OF OUR AD 70 IMPROVEMENT AND BASIC ISSUE MEASURES WILL BE AFFECTED. FOR EXAMPLE OUR AIRCRAFT SHELTER PROGRAMME, ANTI-ARMOUR DEVELOPMENT AND PLANS TO INTRODUCE SURFACE TO SURFACE MISSILES AT SEA WILL CONTINUE UNCHANGED. THE EFFECT OF ALL THE PROPOSALS I HAVE MENTIONED WOULD RESULT IN A REDUCTION OF SOME 35,000 UNIFORMED PERSONNEL AND SOME 30,000 CIVILIANS.

18. MR CHAIRMAN AS REGARS THE IMMEDIATE FUTURE ON CONSULTATIONS, WE ARE MAKING OUR PROPOSALS KNOWN TO THE THREE MAJOR NATO COMMANDS WITHIN THE NEXT FEW DAYS: SACEUR TOMORROW, SACLANT ON FRIDAY IN NORFOLK VA AND CINCHAN ON THURSDAY 12 DECEMBER.

19. AND NOW, I WOULD WELCOME THE COMMENTS AND QUESTIONS WHICH I AM SURE YOU WILL WANT TO PUT TO ME. END TEXT. BRUCE

SECRET

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